



Corrected Date

DEPARTMENT OF THE ARMY
ADMINISTRATIVE ASSISTANT TO THE SECRETARY OF THE ARMY
105 ARMY PENTAGON
WASHINGTON DC 20310-0105

APR 21 2003

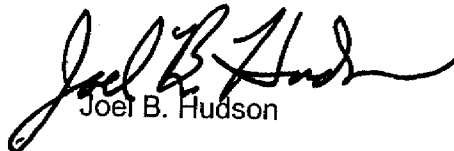


MEMORANDUM FOR Headquarters, Department of the Army Principal Officials

SUBJECT: Special Workforce Restructuring Buyout Authority—Fiscal Year 2003

1. Reference my memorandum of October 15, 2002, subject as above (enclosure).
2. HQDA received authority to approve 82 Special Buyouts for FY 03. By the end of the second quarter, HQDA had used or had distributed to subordinate HQDA activities 53 of those allocations with 29 remaining for use this FY. At the beginning of the third quarter, Army granted an additional 50 allocations to HQDA to meet its restructuring needs. As a result, we have a total of 79 Special Buyout allocations that can be used this FY and I encourage all HQDA activities to take advantage of this opportunity to reshape its workforce utilizing this buyout incentive.
3. If you have restructuring objectives that could be achieved through the use of this authority, please submit the information identified at Enclosure 1 of the referenced memorandum to the Human Resource Management Directorate (HRMD) (formerly Personnel and Employment Service-Washington (PES-W)), ATTN: Special Buyout Team, Pentagon, Room 1A881, by May 9, 2003. Enclosure 2 contains the eligibility requirements and procedures for those employees interested in applying for the Special Buyout. Employee applications are due to the above address not later than May 16, 2003.
4. As with the previous Special Buyout window, Principal Official requests for allocations that meet the restructuring criteria and all applications of employees eligible for the Special Buyout will be prioritized based on employees' service computation date for leave and approved up to the point that all of HQDA's allocations have been used. Funding for approved Special Buyouts must come from activities' existing resource levels and will include the amount of the Voluntary Separation Incentive Pay (VSIP), i.e., up to \$25,000, and an additional 15 percent of the employee's annual basic pay which is remitted to the Office of Personnel Management.
5. Employees approved for the Special Buyout must be off the rolls not later than September 30, 2003. No extensions will be granted. Participation is voluntary and employees will not be coerced to apply for the incentive, retire, or resign. The Special Buyout Authority is a management tool for reshaping the workforce and is not an employee entitlement.
6. My point of contact is Ms. Sherri Vauls Ward, Director, HRMD at (703) 697-2691.

Encl


Joel B. Hudson



DEPARTMENT OF THE ARMY
ADMINISTRATIVE ASSISTANT TO THE SECRETARY
105 ARMY PENTAGON
WASHINGTON DC 20310-0105

October 15, 2002



MEMORANDUM FOR HEADQUARTERS, DEPARTMENT OF THE ARMY
PRINCIPAL OFFICIALS

SUBJECT: Special Workforce Restructuring Buyout Authority—Fiscal Year 2003

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2002 allows DoD activities to continue offering special workforce restructuring buyouts and early retirements during FY 2003 to employees occupying GS-15 and below (or equivalent) when the vacancies created will be used to reshape the organization to meet critical mission needs. In light of the Army's upcoming review of non-core competencies, this authority may also offer the opportunity to restructure HQDA positions to support core operations. The authority allows for employees to voluntarily apply for optional or special early retirement or resignation with a lump sum or installment incentive payment of up to \$25,000. This authority is a management tool for reshaping the workforce and is not an employee entitlement.

For FY 2003, the Administrative Assistant has received authority to approve 82 special buyouts for the Headquarters, Department of the Army. Position restructuring is restricted to the vacancy created by the application of the authority. Some examples of where this authority might be appropriately used include:

- Situations where failure to restructure would impede mission accomplishment or have an imminent negative effect on mission readiness, e.g., negatively impact on the delivery of critical equipment, products, or services;
- Resolving skills imbalances, e.g., eliminating the need for a group of positions because of new technology or reshaping a journeyman-level position to the entry-level in the same or different job series;
- Reducing the number of high grade, managerial, or supervisory positions for the purpose of flattening the organizational hierarchy or redistributing higher-level positions to front line, service-delivery positions.

If you have restructuring objectives that could be achieved through the use of this authority, please submit the information identified at Enclosure 1 to Personnel and Employment Service-Washington (PES-W), ATTN: Special Buyout Team, Pentagon, Room 1A881, by November 1, 2002.

Enclosure 2 contains a memorandum from the Director, PES-W, to those employees whose positions you propose to restructure and that indicate an interest in optional retirement, resignation, or early retirement (with or without the incentive payment). The memorandum contains the eligibility requirements and procedures for application. Employee applications are due to the above address not later than November 8, 2002.

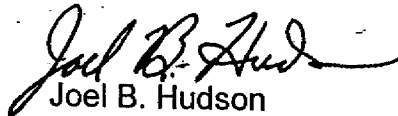


Principal Official requests for allocations that meet the restructuring criteria and all applications of employees eligible for the special buyout will be prioritized based on employees' service computation date for leave and approved up to the point that all of HQDA's 82 special buyout allocations have been used. Staffing actions to fill position vacancies created by use of the special buyout authority must comply with applicable, mandatory placement requirements, to include the DoD Priority Placement Program. An additional buyout window may be opened later in the FY if HQDA's total allocation is not used.

While this year's special buyout allows for early retirements to be granted without the incentive payment, to ensure fairness and equitable treatment across the HQDA, I have decided that all employees approved for early retirement under this authority must be paid the incentive. At this time, it is anticipated that funding for approved special buyouts must come from agencies' existing resource levels and will include the amount of the incentive payment, i.e., up to \$25,000, and an additional 15 percent of the employee's annual basic pay with is remitted to the Office of Personnel Management.

Actual separation dates of employees approved for the special buyout may be determined based on mission and employee considerations, but cannot be later than January 3, 2003. Participation in this incentive is voluntary and employees will not be coerced to apply for the incentive, retire, or resign.

My point of contact is Ms. Sherri Vauls Ward, Director, PES-W, at (703) 697-2691.


Joel B. Hudson

Enclosures

Enclosure 1

Scope and Nature of Request: Includes Activity Command Code, Unit Identification Code, title, series, grade, job number, current paragraph and line number of the position(s) being restructured (based on current approved Table of Distribution and Allowances). This also includes the title, series and grade of the position once it has been restructured. The position can be at the same, lower, or higher grade, but cannot be identical to the former position.

Justification: Includes a brief explanation of the mission related reasons for restructuring the position.

Timeframes: Includes expected date(s) of separation for employees. Dates must be on or before January 3, 2003.

Organization Point of Contact: Name and Phone number of person with knowledge of planned action to provide additional information should the need arise.



DEPARTMENT OF THE ARMY
PERSONNEL AND EMPLOYMENT SERVICE WASHINGTON
6800 ARMY PENTAGON
WASHINGTON DC 20310-6800

October 15, 2002

JDHQS-PES

MEMORANDUM FOR EMPLOYEES OF HQDA ORGANIZATIONS PARTICIPATING
IN THE DOD SPECIAL WORKFORCE RESTRUCTURING
BUYOUT AUTHORITY PROGRAM

SUBJECT: Special Workforce Restructuring Buyout Authority (Special Buyout) – Fiscal
Year (FY) 2003

The purpose of this memorandum is to provide you with information on the FY 2003 provisions and application procedures for the special buyout being offered to employees in HQDA organizations that have submitted requests to reshape positions to meet organizational restructuring plans. For FY 2003, HQDA has received 82 allocations under this authority to assist with its restructuring efforts.

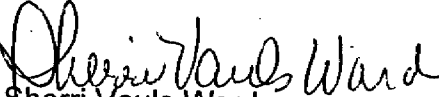
This program is a management tool that can be used to correct skill imbalances and meet organizational restructuring needs. You are eligible for consideration to receive this special buyout, to include a lump sum or installment incentive payment of up to \$25,000, if your position is proposed for restructuring and you meet the eligibility criteria. Applications will be considered for approval in order of seniority based on employees' service computation date for leave up to the point at which all 82 allocations have been used.

The enclosures to this memorandum contain important information to assist you in making your decision as well as the application you must submit to apply under this Special Buyout. It is important that you review your personal situation before deciding to apply for retirement or resign from your position. You should also avoid making irrevocable decisions prior to official notification by this office of your approval or disapproval for the special buyout.

If you are eligible for early or optional retirement, you must follow the procedures identified in the enclosures and follow Army Benefits Center-Civilian (ABC-C) instructions for completing your retirement package. You may obtain forms, information, and a retirement service calculation from ABC-C's Employee Benefits Information System (EBIS) at <https://www.abc.army.mil>. To receive a detailed retirement calculation from ABC-C, you must submit an actual retirement package or have complex service history, e.g., military, part-time, or intermittent service, etc. To obtain counseling or a retirement calculation, you may contact the ABC-C using its Interactive Voice Response System (IVRS) at 1-877-ARMY CTR (276-9287) or, for the hearing impaired, 1-877 ARMY TTD (276-9833).



Questions regarding this Special Workforce Restructuring Buyout Authority
should be addressed to Tracey Richardson at (703) 588-1766.


Sherri Vauls Ward
Director

Enclosures

... 1997 ...
... Eligible for ...
...
...

SPECIAL WORKFORCE RESTRUCTURING BUYOUT PROVISIONS AND PROCEDURES

1. Definition

a. As a tool to achieve restructuring goals, the Special Workforce Restructuring Buyout (Special Buyout) grants authority to approve buyouts (incentives) when the vacancies created will be used to reshape the organization to meet critical mission needs. The incentive is a lump sum or installment payments of up to \$25,000 targeted to employees in positions that have been proposed for restructuring and applies only to voluntary separations, i.e., optional retirement, resignation, or special early retirement. This Special Buyout is a management tool and not an employee entitlement. Each incentive offered must be based on management restructuring decisions designed to meet organizational reshaping objectives.

b. The incentive amount is the lesser of \$25,000 or the amount an employee would be entitled to under the severance pay formula. The amount of separation pay is not discretionary or negotiable.

c. The buyout incentive is a voluntary offer. All possible steps will be taken to ensure that there is no coercion of employees to retire or resign.

2. General Eligibility Criteria

a. Employees are eligible for the buyout incentive if they are:

- U.S. Citizens as defined in 5 USC 5597
- Eligible for optional retirement, early retirement, or resignation
- Serving in appointment without time limitation
- Have been continuously employed by the Federal Government for at least 12 months

b. Employees are not eligible for this incentive if they are:

- Reemployed annuitants
- Resigning or retiring in lieu of an involuntary action
- Accepting a position with another Federal government agency
- Eligible for Discontinued Service Retirement (DSR) (DSR is an involuntary action; however, an employee has the option of rescinding the DSR and electing a voluntary action)
- Receiving a retention allowance*
- A non-compensated employee
- Covered by a written service agreement associated with a Permanent Change of Station (PCS), training, or recruitment or relocation bonus*

***NOTE:** Exceptions may be granted on a case-by-case basis

c. Members of the Senior Executive Service (SES) and equivalent employees, and those in broadband positions above GS-15 in demonstration projects are not eligible for special buyouts or special early retirements unless the Assistant Secretary of Defense (Force Management Policy) approves voluntary separation to reshape the workforce.

3. Retirement Eligibility Requirements

a. The Civil Service Retirement System (CSRS) covers employees hired before January 1, 1984. The Federal Employees Retirement System (FERS) covers those employees hired after January 1, 1984 and those who transferred from CSRS to FERS.

b. Employees must meet the appropriate eligibility requirement described below by the proposed effective date of their retirement. For additional information on retirement eligibility, visit the Army Benefits Center-Civilian (ABC-C) at <https://www.abc.army.mil> or at 1-877 ARMY CTR (276-9287) or, for the hearing impaired, 1-877 ARMY TTD (276-9833).

■ CSRS ELIGIBILITY FOR OPTIONAL RETIREMENT

- Age 62 with 5 Years of Service
- Age 60 with 20 Years of Service
- Age 55 with 30 Years of Service

■ FERS ELIGIBILITY FOR OPTIONAL RETIREMENT

- Age 62 with 5 Years of Service
- Age 60 with 20 Years of Service*
- Minimum Retirement Age (MRA)* ** with 30 Years of Service
- MRA with 10 Years of Service (Reduced Benefit)* **

■ SPECIAL EARLY RETIREMENT***

- Age 50 with 20 Years of Service
- Any age with 25 Years of Service
- Must have been on DoD rolls on or before July 9, 2001

***NOTE:** There is a 5% annuity reduction for each year under the age of 62

****NOTE:** MRA varies by year of birth

*****NOTE:** There is a 2% annuity reduction for each year a CSRS special early retiree is under the age of 55. There is no reduction for FERS retirees under the age of 55 unless a portion of the employee's time was spent in CSRS. If such is the case, a 2% annuity reduction per year will apply to each year served in the CSRS component.

4. General Special Buyout Provisions

a. The open period for submitting an application for the Special Buyout is through October 25, 2002. Employees who are approved must be off the rolls no later than January 3, 2003.

b. Employees who elect to apply for the Special Buyout must follow the prescribed procedures below and complete the employee portion of the Special Workforce Restructuring Buyout application. Employees who are applying for the Special Buyout under optional or special early retirement must follow ABC-C guidelines and procedures for completing and submitting a retirement application.

c. Army has granted HQDA authority to grant 82 Special Buyouts and we may not exceed this authority. If the number of employees applying for the Special Buyout exceeds the number of authorities granted, applications will be processed in order of seniority using employees' service computation date for leave. Veteran's preference and tenure will not be considered in this process.

d. Employees who receive the Special Buyout cannot register in the DoD Priority Placement Program (PPP) and cannot be reemployed by DoD in any capacity for a period of 1 year unless a waiver is approved. Further, if reemployed within the Federal Government within a period of 5 years from the effective date of separation, the employee must repay the entire amount of the incentive payment, to include Federal taxes withheld, to the Department of the Army. This includes employment through a personal services contract.

5. Provisions for Offering/Approving the Special Buyout

a. Headquarters, Department of the Army (HQDA) Principal Officials (POs) will identify those positions by series, grade, location, job number, and Table of Distribution and Allowance (TDA) paragraph and line number that they are proposing to restructure to meet reshaping goals.

b. An employee whose position is proposed for restructuring and who meets the General Eligibility Criteria can submit an application for the Special Buyout. The Administrative Assistant to the Secretary of the Army (AASA), or his designee, will approve or disapprove Special Buyout requests. If the number of eligible employees applying for the Special Buyout exceeds the number of authorities granted, applications will be processed in seniority order based on employees' service computation date for leave.

6. Application/Processing Procedures

a. Applicants should complete Part 1 of the Special Workforce Restructuring Buyout application and submit it to his/her immediate supervisor. If applicable, applicants should also select how they would like to receive their incentive payments in Part 1. In addition to receiving the incentive payment by lump sum, employees have the option of receiving the

payment in equal bi-weekly payments (at a rate selected by the employee) until the full of the amount of the incentive is paid. Under this bi-weekly installment option, payments may not extend beyond one year from the date of separation. Employees also have the option of receiving their incentive payment in two payments, one-half six months following separation and the remaining half six months later. If the incentive is approved, the employee will be required to sign a written agreement of the payment terms. Once the payment terms are decided and the agreement is signed, the personnel action and payment election are irrevocable.

b. The application should be forwarded through command channels with the designated activity official completing Part 2 of the application and the PO, or designee, completing Part 3. Applications will then be forwarded to the Personnel and Employment Service-Washington (PES-W) Civilian Personnel Advisory Center (CPAC) at the following address not later than Friday, November 1, 2002:

PES-W CPAC
ATTN: Special Buyout Team
6800 Army Pentagon, Room 1A881
Washington, DC 20310-6800

c. The PES-W CPAC will verify employee eligibility and other Special Buyout requirements, calculate the appropriate incentive payment amount, if appropriate, and complete Part 4 of the application. PES-W will coordinate the application with the Director, Resource Services-Washington (RS-W), or other appropriate Operating Agency Point of Contact, who will document the paragraph and line numbers of positions that are to be restructured. The CPAC will then compile a listing of all PO requests for allocations that meet the restructuring criteria and incentive eligible candidates in service computation date order and forward to the AASA, or his designee, for final approval. Every effort will be made to make decisions as soon as possible.

d. The AASA, or his designee, will notify POs in writing of decisions to grant Special Buyout requests. Once notified, the PES-W CPAC will assist HQDA activities with appropriate Requests for Personnel Action (RPA).

e. Employees who are requesting the Special Buyout under optional or special early retirement should submit all completed retirement forms, to include any updated beneficiary designation forms, to the ABC-C as soon after official notification as possible. The application must include the retirement effective date. Forms should be sent to the following address:

Department of the Army
Office of the Assistant Secretary, Manpower and Reserve Affairs
Southwest Civilian Personnel Operations Center
ATTN: ABC-C, Branch 2
301 Marshall Avenue
Fort Riley, KS 66442-5004

SPECIAL WORKFORCE RESTRUCTURING BUYOUT APPLICATION

(PART 1) EMPLOYEE PORTION: This constitutes my application for the Special Buyout under the following category:

_____ Optional Retirement _____ Resignation _____ Special Early Retirement

(PLEASE PRINT THE FOLLOWING INFORMATION):

NAME: _____ DOB (MM/DD/YYYY) _____

SOCIAL SECURITY NUMBER: _____ SERVICE COMPUTATION DATE (LEAVE) _____

Telephone Number: _____

Position: _____

Title/Series/Grade: _____

Organization: _____

Directorate/Division/Branch: _____

Duty Station/City/State/Zip: _____

Anticipated Retirement/Separation Date: _____

Have you ever received severance pay from the Federal Government? _____ Yes _____ No

If the incentive is approved, I elect the following payment terms:

- _____ Lump sum payment at the time of separation
- _____ Equal bi-weekly payments until my buyout is paid in full (not to extend beyond one year of the date of my separation).
- _____ One half of my payment six months following the date of my separation and the second half six months later

DECLARATION: I understand that by accepting the Special Buyout incentive I become ineligible for: registration in the DOD Priority Placement Program; severance pay; and Discontinued Service Retirement (DSR). I further understand that I must repay the full incentive amount if reemployed by the Federal Government under any type of appointment or under a personal services contract within five (5) years after separation with an incentive.

I FURTHER UNDERSTAND THAT USE OF THESE INCENTIVES IS A MANAGEMENT TOOL, NOT AN EMPLOYEE ENTITLEMENT. I ALSO UNDERSTAND THAT BY SIGNING THIS APPLICATION I AM ATTESTING THAT IT IS BEING SUBMITTED VOLUNTARILY.

EMPLOYEE SIGNATURE

DATE

(PART 2) COMMANDER/DESIGNEE DOCUMENTATION:

POSITION TITLE/SERIES/GRADE AND POSITION DESCRIPTION NUMBER: _____

PARAGRAPH/LINE NUMBER: _____

COMMAND CODE/UIC: _____

I CERTIFY THAT THIS IS THE SAME POSITION THAT THE INCENTIVE APPLICANT IS VACATING AND IT WILL BE RESTRUCTURED AS IDENTIFIED IN THE SPECIAL WORKFORCE RESTRUCTURING BUYOUT AUTHORITY REQUEST PREVIOUSLY SUBMITTED.

COMMANDER/DESIGNEE
(PRINTED NAME AND SIGNATURE)

DATE

(PART 3) PRINCIPAL OFFICIAL/DESIGNEE DOCUMENTATION

I certify that I have been advised of the organization's request to reshape this position and employee's request for the Special Buyout and Incentive.

PRINCIPAL OFFICIAL/DESIGNEE _____ DATE _____

FORWARD ORIGINAL SPECIAL BUYOUT APPLICATION TO:

Personnel and Employment Service-Washington
ATTN: Special Buyout Team
6800 Army Pentagon, Room 1A881
Washington, DC 20310-6800

(PART 4) CIVILIAN PERSONNEL OFFICE DOCUMENTATION

EMPLOYEE NAME: _____ SSN: _____

ELIGIBLE: _____ INELIGIBLE: _____ IF INELIGIBLE, REASON(S): _____

BASIC SALARY: _____

SERVICE COMPUTATION DATE (LEAVE): _____

INCENTIVE AMOUNT: _____

CIVILIAN PERSONNEL OFFICE: _____

MAILING ADDRESS: _____

TELEPHONE NUMBER: _____ FAX NUMBER: _____

CIVILIAN PERSONNEL REPRESENTATIVE
(PRINTED NAME AND SIGNATURE) _____

DATE _____

(PART 5) FINAL DETERMINATION**

SPECIAL BUYOUT APPROVED _____ SPECIAL BUYOUT DISAPPROVED _____

IF APPROVED, IN CONNECTION WITH: __ RESIGNATION __ OPTIONAL __ REGULAR RETIREMENT
__ SPECIAL EARLY RETIREMENT

IF NOT APPROVED, REASON(S): _____

APPROVING AUTHORITY
(PRINTED NAME AND SIGNATURE) _____

DATE _____

****Final authority for approval/disapproval will be at the Administrative Assistant to the Secretary of Army level, or other agency official(s) so designated.**

FORMULA FOR COMPUTING SEVERANCE PAY AND INCENTIVE AMOUNT
(THIS FORMULA WILL GIVE YOU AN ESTIMATED AMOUNT ONLY)

COMPUTE CREDITABLE SERVICE:

YR MO DY

PROPOSED SEPARATION DATE

___/___/___

MINUS SERVICE COMPUTATION DATE (SCD)

- ___/___/___

(Your SCD may be
found in block 31 of
your last SF-50)

EQUALS TOTAL SERVICE

= ___/___/___ ~ ___ YEARS

MINUS MILITARY SERVICE

- ___/___/___

EQUALS CREDITABLE SERVICE

= ___/___/___ ~ ___ YEARS

COMPUTE WEEKLY SALARY:

ANNUAL RATE \$ _____ DIVIDED BY 2087 TIMES 40 HOURS = \$ _____ WEEKLY

COMPUTE SEVERANCE ALLOWANCE:

1 WEEK'S BASIC PAY

\$ _____

TIMES YEARS OF SERVICE (FIRST 10)*

x _____ = \$ _____

2 WEEKS' BASIC PAY

\$ _____

TIMES YEARS OF SERVICE (BEYOND 10)*

= + \$ _____

TOTAL (BASIC SEVERANCE ALLOWANCE)

\$ _____

AGE ADJUSTMENT ALLOWANCE:

BASIC SEVERANCE ALLOWANCE \$ _____ TIMES 10 PERCENT = \$ _____

TIMES YEARS IN AGE OVER 40*

x _____

TOTAL (SEVERANCE PAY FUND)

= \$ _____ **

SEVERANCE PAY LIMITATION:

\$ _____

INCENTIVE AMOUNT: SEVERANCE PAY LIMITATION OR \$25,000 (WHICHEVER IS LESS).
AMOUNT PAID WILL BE SUBJECT TO FEDERAL AND APPLICABLE STATE AND LOCAL TAXES.
MEDICARE TAX IS ALSO WITHHELD.

*For increments of less than one year, employee is credited 25% of a year for each three full months.

**Lifetime limit on severance pay may not exceed 52 weeks of basic pay. Although this incentive will not be used in calculating any future entitlement to severance pay, all past severance payments must be deducted from a recipient's incentive entitlement. For example, an employee who previously received 10 weeks of severance pay will have 10 weeks of entitlement deducted in the computation.

EXAMPLE OF INCENTIVE COMPUTATION USING SEVERANCE PAY FORMULA

George is currently a GS-13 and his Service Computation Date is 08-02-65. He is 56.25 years of age and his basic annual pay is \$73,269. George has 10 years of military service. His separation date is April 3, 2002.

COMPUTE CREDITABLE SERVICE:

| | YR | MO | DY |
|--------------------------------------|------|----|------------------|
| PROPOSED SEPARATION DATE | 02 | 04 | 03 |
| MINUS SERVICE COMPUTATION DATE (SCD) | - 65 | 08 | 02 |
| EQUALS TOTAL SERVICE | = 36 | 08 | 02 ~ 36.50 YEARS |
| MINUS MILITARY SERVICE | - 10 | 00 | 00 |
| EQUALS CREDITABLE SERVICE | = 26 | 08 | 02 ~ 26.50 YEARS |

(Your SCD may be found in block 31 of your last SF-50)

COMPUTE WEEKLY SALARY:

ANNUAL RATE \$73,269 DIVIDED BY 2087 TIMES 40 HOURS = \$ 1,404 WEEKLY

COMPUTE SEVERANCE ALLOWANCE:

| | | |
|-------------------------------------|-----------------|----------------------|
| 1 WEEK'S BASIC PAY | \$ <u>1,404</u> | |
| TIMES YEARS OF SERVICE (FIRST 10)* | x <u>10</u> | = \$ <u>14,040</u> |
| 2 WEEKS' BASIC PAY | \$ <u>2,808</u> | |
| TIMES YEARS OF SERVICE (BEYOND 10)* | x <u>16.50</u> | = + \$ <u>46,332</u> |
| BASIC SEVERANCE ALLOWANCE: | | \$ <u>60,372</u> |

AGE ADJUSTMENT ALLOWANCE:

| | | |
|---|---|------------------|
| BASIC SEVERANCE ALLOWANCE \$ <u>60,372</u> TIMES 10 PERCENT | = | \$ <u>6,037</u> |
| TIMES YEARS IN AGE OVER 40* | x | <u>16.25</u> |
| | = | \$ <u>98,101</u> |

TOTAL (SEVERANCE PAY FUND): \$ 158,473**

SEVERANCE PAY LIMITATION: \$ 73,269

INCENTIVE TOTAL: SEVERANCE PAY LIMITATION OR \$25,000 (WHICHEVER IS LESS). AMOUNT PAID WILL BE SUBJECT TO FEDERAL AND APPLICABLE STATE AND LOCAL TAXES. FICA/MEDICARE TAX IS ALSO WITHHELD.

*For increments of less than one year, employee is credited 25% of a year for each three full months.

**Lifetime limit on severance pay may not exceed 52 weeks of basic pay. Although the incentive will not be used in calculating any future entitlement to severance pay, all past severance payments must be deducted from a recipient's incentive entitlement. For example, an employee who previously received 10 weeks of severance pay will have 10 weeks of entitlement deducted in the computation.